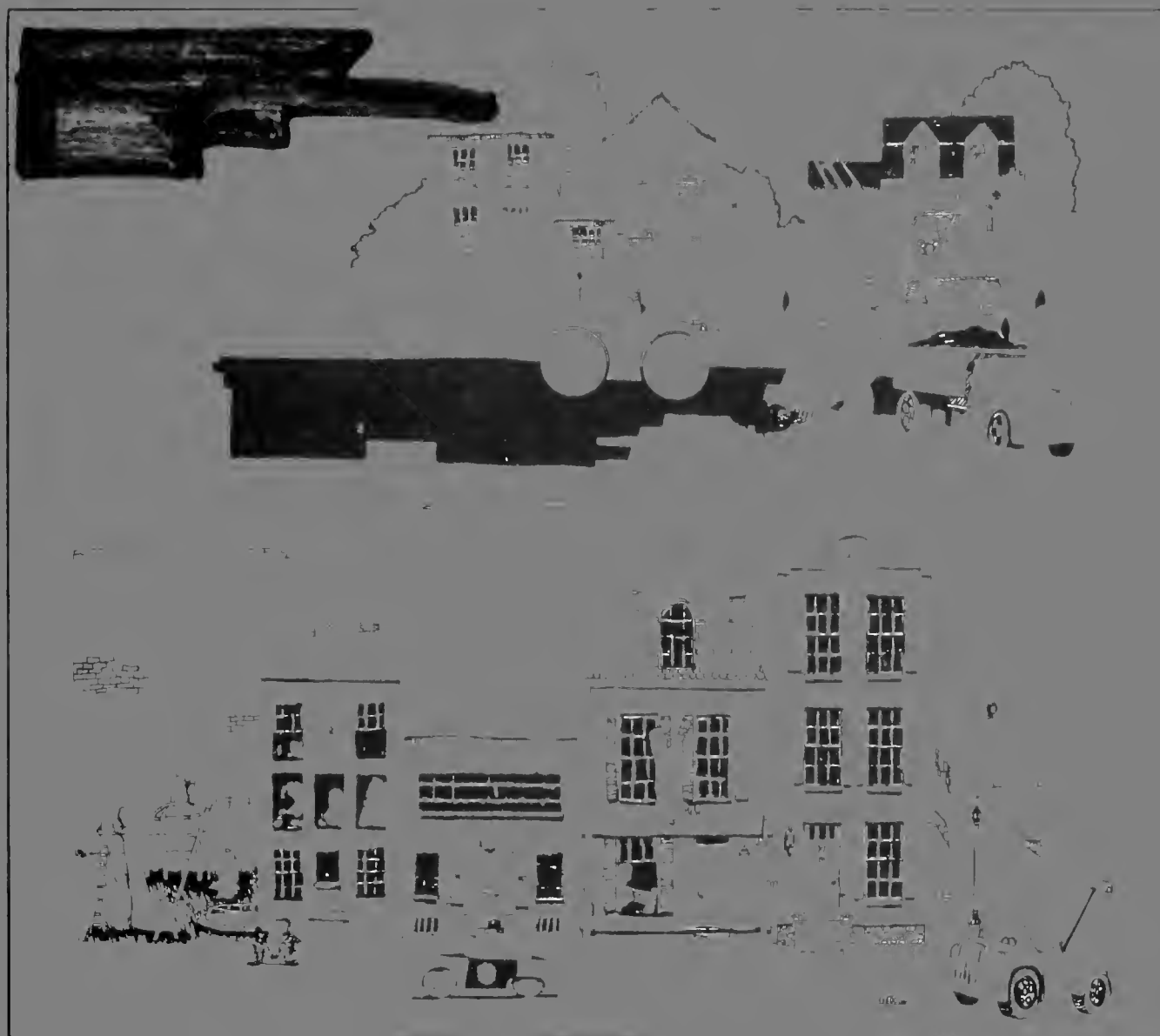


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Documenting Benefit to Low and Moderate Income Persons



Montana Department of Commerce —
Community Development Block Grant Program

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DOCUMENTING BENEFIT TO LOW AND MODERATE INCOME PERSONS

FOR

HOUSING AND PUBLIC FACILITIES PROJECTS

MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

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DOCUMENTING BENEFIT TO LOW AND MODERATE INCOME PERSONS
FOR
HOUSING AND PUBLIC FACILITIES PROJECTS

Table of Contents

	<u>Page</u>
1. Determine Income Limits for LMI Households.....	1
2. Estimate Percentage of Benefit to LMI.....	1
A. Direct Benefit Activities.....	2
B. Areawide Activities.....	3
1. HUD LMI Data.....	4
2. Local Income Surveys.....	4
C. Limited Clientele Activities.....	5
3. Calculate LMI Benefit for Each Activity.....	6
4. Determine Percentage of CDBG Funds To Benefit LMI.....	7

Exhibits

A - Federal Standards for Definition of LMI.....	9
B - HUD Income Limits For Determination of LMI Status.....	12
C - LMI Percentages for Montana Local Governments.....	18
D - Income Certification Format for Direct Benefit Situations.....	23
E - Model Household Income Survey Format for Areawide CDBG Projects Which Will Involve Special Assessments.....	25
F - Model Household Income Survey Format for Areawide Projects Which Will Not Distinguish Between Moderate and Low Income Households.....	28
G - Targeting CDBG LMI Benefits for Public Facility Projects.....	31
H - CDBG Requirements Regarding Special Assessments.....	36
I - Model Household Characteristics Survey Format.....	38

J - Guidelines for Conducting Local Income Surveys.....	39
K - Sample Size Requirements for Surveys.....	44
L - Form for Calculation of CDBG Funds to Benefit LMI and Citation of National Objectives.....	45

DOCUMENTING BENEFIT TO LOW AND MODERATE INCOME PERSONS

FOR HOUSING AND PUBLIC FACILITIES PROJECTS

According to the federal Housing and Community Development Act, it is Congress' intent that the Community Development Block Grant (CDBG) Program "provide decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income." As a result, each applicant for CDBG funds must document in its application that a minimum of 51 percent of the non-administrative funds requested for a CDBG project will be used for activities that are clearly designed to meet the identified needs of persons of "low and moderate income" (LMI) in the project area. Applicants must also demonstrate that any activities proposed will not benefit moderate income persons in a manner which would exclude or discriminate against low income persons.

Some basic steps are necessary to document how the activities in a CDBG project will benefit LMI persons:

1. Determine the income limits for LMI households for the county in which the CDBG project would be located.

The Housing and Community Development Act establishes the definition of "low and moderate income person" which is used to determine the eligibility of families and local governments for CDBG assistance. Under the act, "low and moderate income" is based on the **higher of either:**

- 80% of the median income for the county; or
- 80% of the median income for the entire nonmetropolitan area of the State (all of Montana, excluding Billings and Great Falls).

For the purposes of the CDBG program, "income" includes gross family income or all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor.

Under federal law, states must use the statutory definition of "income" used for the HUD "Section 8" Assisted Housing Program. The pertinent sections of the United States Housing Act of 1937 which defines "annual income" in detail are excerpted in Exhibit A of this guideline. (Exhibit A also identifies some gifts or types of payments which do not have to be included when computing a family's gross annual income.)

The specific statewide income limits used to define "low and moderate income," according to household size, for each of Montana's counties are included in Exhibit B. The most applicable higher amount (either 80% of the median income for the county or 80% of the median income for the nonmetropolitan area of the State) is already calculated in the income tables shown in Exhibit B. The tables list the income ceilings for both "low" and "moderate" income. (In most cases, applicants will only have to be concerned with the ceilings listed for "moderate" income.)

The Department of Commerce has also calculated the percentages of "low

and moderate income" persons for every county, city, and town in the State, using 1980 Census data. Those percentages are shown in Exhibit C.

2. Estimate the percentage of benefit to LMI families or persons for project activities.

In order for any application to be considered for CDBG funding, a minimum of 51% of the dollars requested must benefit LMI persons. Making sure your project will meet this threshold requirement is your first concern. Statistics used to fulfill this requirement must be supplied by the applicant, and must relate only to those LMI households or persons residing within the specified project or service area or who will benefit from the project. Sources for all statistics and the methodology for obtaining the data must be clearly described in the application.

Compliance with the benefit to LMI requirement is calculated on an activity by activity basis and can use one of three basic approaches to document benefit to LMI persons: direct benefit, indirect benefit, or limited clientele.

A. Direct Benefit Activities

Direct benefit occurs in activities which are designed exclusively to serve LMI persons. For example, a direct benefit activity occurs when the community has income eligibility requirements that limit the benefits of the CDBG activity to LMI persons, such as a housing rehabilitation project, where CDBG funds will be used to upgrade housing owed or occupied by LMI households, or a public facility project that will pay special assessments or hookup charges for LMI households.

Documenting benefit for direct benefit projects is relatively easy since potential recipients of CDBG assistance are individually screened against the HUD income limits for the county in which the project is located.

Direct Benefit in Housing Projects

Housing rehabilitation projects usually project 100% benefit to LMI households because they can assure that only LMI households will receive CDBG assistance to improve their housing units. In order for rental units rehabilitated with CDBG funds to be considered as benefiting LMI, the majority of the housing units in a structure must be occupied after rehabilitation by LMI persons at affordable rents.

Any activity carried out with CDBG funds that involves the acquisition or rehabilitation of property to provide housing is considered to benefit LMI only to the extent that upon completion, the housing will be occupied by LMI persons.

Direct Benefit in Public Facility Projects

Some past public facility projects have used CDBG funds to pay directly for water or sewer hookups, for water meter installation, or for special assessment costs which otherwise would have been imposed on low or moderate income households. These, too, are considered direct benefit situations.

In all direct benefit situations, the CDBG recipient must review and document the eligibility of the persons or families that will receive CDBG benefits. Exhibit D provides the HUD approved format for verifying household incomes in these cases.

The general concept that is applied in documenting a household's income is that the greater the dollar benefit that will be provided to the household, the greater the responsibility to document the accuracy of the household's income claim. For example, in housing rehabilitation projects, where a family may be receiving a \$15,000 grant or low interest loan, a frequently used approach is to ask applicants for CDBG assistance to submit documentation to confirm gross annual household income, such as copies of Internal Revenue Service income tax forms. While these requirements may seem to be an intrusion into individual privacy, they are the only way to assure that CDBG assistance is being provided to the persons that Congress intended. In contrast, for areawide public facilities projects, where all the households in the CDBG project area will benefit equally, it is usually sufficient to have the household complete an income survey form such as that shown in Exhibit F which states that the person responding to the survey will provide evidence of income, if requested.

(The definition of "annual income" shown in Exhibits D, E, and F is a summary of the detailed definition contained in exhibit A. If there are any questions regarding application of the definition to an individual household, always consult the detailed language of the federal statute in Exhibit A.)

Exhibit G, "Targeting CDBG LMI Benefits for Public Facility Projects" discusses techniques for increasing the overall benefit to low and moderate income persons by providing direct benefits to LMI families in public facility projects.

B. Areawide Activities

"Areawide" (or indirect) benefit occurs in project activities designed to serve needs in a geographic area that has a mix of income levels (i.e., a project which will benefit all the residents of the project area, regardless of income). Areawide benefit includes activities that do not have income eligibility requirements, but serve a geographic area where at least 51 percent of the households are LMI. This would include improvements to community public facilities that serve the entire

project area or community such as water or sewer systems, fire protection equipment, multipurpose community centers, or jails.

For projects proposing activities which provide an areawide benefit, the process of documenting benefit to low and moderate income can be more involved than for direct benefit situations. The project area boundaries must be clearly delineated, because they will have an affect on the calculation of LMI benefit. For example, a project to replace sewer mains in a residential neighborhood would have a project area which encompasses the specific homes served. An income survey of those households would reveal the number and percentage of LMI persons affected. On the other hand, a water well project which supplements a town's existing water supply would benefit all town residents. The community-wide percentage of LMI households would be the appropriate figure in such a case.

Federal regulations provide that applicants proposing to use CDBG funds for areawide or indirect benefit activities must provide data to demonstrate that at least 51% of the persons who would benefit from CDBG assistance have low or moderate incomes.

Areawide or indirect benefit to low and moderate income persons can be documented in two ways:

(1). HUD Low and Moderate Income Data

In May, 1988, the Montana Department of Commerce calculated estimates of the percentage of LMI persons for each local government in Montana, based on 1980 Census data and the new definition of "low and moderate income" established by Congress in 1988. (See Exhibit C of this guideline). This source can be cited by an applicant and will be considered acceptable documentation.

(2.) Local Income Surveys

In the event that the HUD data indicate that less than 51% of persons in the community have low and moderate incomes or in cases such as proposed applications for water or sewer districts where census data may not be available (or census boundaries do not correspond), the applicant will have to conduct an income survey of local residents in the project area to document compliance with this requirement.

Many communities have found that a thorough local income survey will reflect a percentage of LMI persons from five to ten percent higher than HUD estimates show. A major reason for this is that the HUD figures are calculated from 1980 Census data which is based on 1979 income information. Several communities have experienced changes in their local economy due to plant, mill or mine closures or the downturn in the state's economy which only a current survey would reflect. Exhibit J, "Guidelines for Conducting Local Income Surveys," includes a discussion of the requirements that must be complied with when local governments

choose to conduct their own income surveys. Exhibit J also includes suggestions to help applicants carry out more effective surveys.

For areawide public facilities projects, where an income survey is being conducted and where all the households in the CDBG project area will benefit equally, it is usually sufficient to have the household complete an income survey form such as that shown in Exhibit F which states that the person responding to the survey will provide evidence of income, if requested.

Any activity proposed for an areawide CDBG project must also be "clearly designed to meet identified needs of low and moderate income: in the area. An activity that serves an area that is not primarily residential in character cannot qualify as an area benefit activity. For example, street construction in a downtown business district would not qualify as an area benefit activity.

Applicants considering public facilities projects should carefully review Exhibit H, "CDBG Requirements Regarding Special Assessments" to determine if their project will be affected by a federal requirement relating to project financing. If the project will come under this federal requirement, the local government will have to prepare a survey format to distinguish low income households from moderate income households (see Exhibit E). All other areawide projects should use the survey shown in Exhibit F.

(Note: Exhibit G, "Targeting CDBG LMI Benefits for Public Facility Projects" discusses techniques for increasing the benefits to low and moderate income persons in an areawide CDBG project by providing direct benefits to LMI families.)

C. Limited Clientele Activities

A "limited clientele" activity is an activity which benefits a specific group of people (rather than all the residents in a particular area), at least 51% of whom are LMI persons. To qualify under this category, the activity must meet one of the following tests:

- (1) Benefit a clientele who are generally presumed to be principally LMI persons. The following groups are currently presumed by HUD to meet this criterion:

- abused children;
- elderly persons;
- battered spouses;
- homeless persons;
- handicapped persons;
- illiterate persons; and
- migrant farm workers; or

- (2) Require information on family size and income so that it is evident that at least 51% of the clientele are persons whose

family income does not exceed the LMI limit; or

- (3) Have income eligibility requirements which limit the activity exclusively to LMI persons; or
- (4) Be of such nature and location that it may be concluded that the activity's clientele will primarily be LMI persons.

Limited clientele activities also include special projects directed to removal of material and architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned nonresidential buildings, and improvements, and the common areas of residential structures containing more than one dwelling unit.

For the purposes of Montana's CDBG competitions, limited clientele activities will be presumed to provide 51% benefit to low and moderate income persons. Applicants have the option of surveying the incomes of the persons to be served by a limited clientele project in order to document a higher benefit to LMI. For example, in the 1989 CDBG competition, Custer County did a survey of the clientele of the Eastern Montana Mental Health Center and determined that 91% of the people the center serves are LMI. Likewise, Carbon County did a survey of the Red Lodge Senior Citizens Club and determined that 92% of the seniors that it serves are LMI.

Activities that serve an area generally cannot qualify under the limited clientele criterion. For example, HUD does not consider jails to be a limited clientele activity. Projects to improve or construct jails or correctional facilities must be justified on the basis of the percentage of LMI persons in the area being served by the facility. In addition the following kinds of activities cannot qualify under the "limited clientele" category:

- activities where the benefits are available to all the residents of an area;
- activities involving the acquisition, construction, or rehabilitation of property for housing; or
- activities where the benefit to LMI persons is the creation or retention of jobs.

3. Calculate Low and Moderate Income (LMI) Benefit for Each Project Activity.

Compliance with the benefit to LMI requirement is calculated on an activity-by-activity basis. The percentage of benefit to LMI is calculated as a percentage of the total number of households who will benefit from the CDBG project, as in the following example:

<u>Activities</u>	<u>LMI Households Benefiting</u>		<u>Total Households Benefiting</u>		<u>Percent of Benefit to LMI Households</u>
Housing Rehabilitation	25	-	25	=	100%
Demolition	10	-	10	=	100%
Sidewalk Improvements	25	-	45	=	56%

In the example provided above, both the housing rehabilitation and the demolition activities will be restricted to LMI families and are thus direct benefit activities. The applicant is claiming 100% benefit because it will assure that only LMI households will benefit. The sidewalk improvements will be made in the entire project area in which 56% of the families are LMI. This is an areawide or indirect benefit and the percentage of benefit claimed is the percentage of LMI households in the project area, 56%.

4. Determine percentage of non-administrative CDBG funds to benefit low and moderate income (LMI).

<u>Activities</u>	<u>Amount Requested</u>		<u>Percent of Benefit to LMI Households</u>		<u>Funds Benefiting Households</u>
Housing Rehabilitation	\$300,000	x	100%	=	\$300,000
Demolition	15,000	x	100%	=	15,000
Sidewalk Improvements	<u>25,000</u>	x	56%	=	<u>14,000</u>
Total	\$340,000				\$329,000

To determine the composite percentage, the following calculation is made:

$$\frac{\$329,000 \text{ (total dollars benefiting low and moderate income)}}{\$340,000 \text{ (total grant request, excluding administration)}} = 97\%$$

Exhibit L of this guideline contains the DOC form to be used by applicants for calculation of LMI benefit. The form uses the same procedures described above to establish the estimated percentage of LMI benefit for the proposed CDBG project.

At first glance, the LMI documentation process may seem like a pointless exercise. However, in reality, it is the only means of responding to Congress' intent that the CDBG Program "give maximum feasible priority to activities which will benefit low and moderate income families...." The

percentage of benefit to LMI figures calculated for each CDBG project and the aggregate figures that the Montana Department of Commerce reports to HUD annually are the only way to assure Congress that local CDBG projects and state CDBG programs are benefiting the low and moderate income persons that Congress intended the program to serve. Congress and HUD use these percentages to compare the effectiveness of the states in fulfilling its mandate that the CDBG program principally serve the needs of low and moderate income families.

Note: Exhibit G, "Targeting CDBG LMI Benefits for Public Facility Projects" discusses techniques for increasing the overall benefit to low and moderate income persons in an areawide public facility project by providing direct benefits to LMI families. Exhibit G also includes a completed example of Exhibit L which illustrates how this form should be completed.

EXHIBIT A

FEDERAL STANDARDS FOR DEFINITION OF LOW AND MODERATE INCOME STATUS

(Income eligibility standards from the U.S. Housing Act of 1937)

Section 889.103 Determination of income for eligibility.

For purposes of determining whether a family is a lower-income family ("moderate income") for CDBG purposes or a very low-income family ("low income" for CDBG purposes), income shall be determined in accordance with Section 889.104, except that where a family has net family assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

Section 889.104 Computation of annual income.

(a) Except as provided in paragraph (b) of this section, all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:

- (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
- (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
- (3) Interest and dividends;
- (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay (see paragraph (b) (3) of this section).
- (6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the

amount of public assistance income to be included as income shall consist of:

- (i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (ii) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities.
- (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling:
 - (8) All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse (see paragraph (b) (5) of this section).

(b) The following items shall not be considered as income:

- (1) casual, sporadic or irregular gifts;
- (2) amounts which are specifically for or in reimbursement of the cost of medical expenses;
- (3) lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;
- (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans, not used for the above purposes of which are available for subsistence are to be included in income;
- (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
- (6) Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- (7) foster child care payments;
- (8) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
- (9) payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

- (i) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
- (ii) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).



EXHIBIT B

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

INCOME LIMITS FOR DETERMINATION OF LOW AND MODERATE INCOME STATUS

The Housing and Community Development Act of 1987 changed the definition of "low and moderate income person" which is used to determine the eligibility of families and local governments for CDBG assistance. Under the new definition, "low and moderate income" will now be based on the **higher** of **either**:

- 80% of the median income for the county; or
- 80% of the median income for the entire nonmetropolitan area of the State (all of Montana, excluding Billings and Great Falls).

The HUD Income Tables are shown on the following pages and list HUD income limits for each Montana county, according to family size. These tables are based on income guidelines used for the HUD Section 8 Assisted Housing Program.

The HUD CDBG Program and the HUD Section 8 Assisted Housing Programs use different terms to describe the same income levels. Please note that:

the top line for each county, "lower income," is equivalent to "moderate income" for the CDBG program; and

the second line for each county, "very low income," is equivalent to "low income" for the CDBG program.

The income limits shown for Billings must be used for Yellowstone County.

The income limits shown for Great Falls must be used for Cascade County.

If you have any questions regarding the application of these income limits in community income surveys, please contact the Department's CDBG staff at 444-2488.

		-----I N C O M E L I M I T S-----							
PROGRAM		1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
STATE: MONTANA									
PREPARED: 1-2-90									
MSA : Billings, MT									
FY 1990 MEDIAN FAMILY									
INCOME: 32200		18050	20600	23150	25750	27350	28950	30600	32200
		11250	12900	14500	16100	17400	18700	19950	21250
MSA : Great Falls, MT									
FY 1990 MEDIAN FAMILY									
INCOME: 29800		16700	19100	21450	23850	25350	26850	28350	29800
		10450	11900	13400	14900	16100	17300	18500	19650
COUNTY : MT BEAVERHEAD									
FY 1990 MEDIAN FAMILY									
INCOME: 23500		15300	17500	19650	21850	23200	24600	25950	27300
		9550	10900	12300	13650	14750	15850	16950	18000
COUNTY : MT BIG HORN									
FY 1990 MEDIAN FAMILY									
INCOME: 25600		15300	17500	19650	21850	23200	24600	25950	27300
		9550	10900	12300	13650	14750	15850	16950	18000
COUNTY : MT BLAINE									
FY 1990 MEDIAN FAMILY									
INCOME: 23100		15300	17500	19650	21850	23200	24600	25950	27300
		9550	10900	12300	13650	14750	15850	16950	18000
COUNTY : MT BROADWATER									
FY 1990 MEDIAN FAMILY									
INCOME: 21600		15300	17500	19650	21850	23200	24600	25950	27300
		9550	10900	12300	13650	14750	15850	16950	18000
COUNTY : MT CARBON									
FY 1990 MEDIAN FAMILY									
INCOME: 25300		15300	17500	19650	21850	23200	24600	25950	27300
		9550	10900	12300	13650	14750	15850	16950	18000
COUNTY : MT CARTER									
FY 1990 MEDIAN FAMILY									
INCOME: 20900		15300	17500	19650	21850	23200	24600	25950	27300
		9550	10900	12300	13650	14750	15850	16950	18000
COUNTY : MT CHOUTEAU									
FY 1990 MEDIAN FAMILY									
INCOME: 26700		15300	17500	19650	21850	23200	24600	25950	27300
		9550	10900	12300	13650	14750	15850	16950	18000
COUNTY : MT CUSTER									
FY 1990 MEDIAN FAMILY									
INCOME: 30100		16850	19300	21700	24100	25600	27100	28650	30150
		10550	12050	13550	15050	16250	17450	18650	19850
COUNTY : MT DANIELS									
FY 1990 MEDIAN FAMILY									
INCOME: 25100		15300	17500	19650	21850	23200	24600	25950	27300
		9550	10900	12300	13650	14750	15850	16950	18000
COUNTY : MT DAWSON									
FY 1990 MEDIAN FAMILY									
INCOME: 32000		17900	20500	23050	25600	27200	28800	30450	32000
		11200	12800	14400	16000	17300	18550	19850	21100
								021690	133809

STATE: MONTANA		-----INCOME LIMITS-----									
PREPARED: 1-2-90											
		PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON	
COUNTY : MT DEER LODGE											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME: 27300		VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY : MT FALLON											
FY 1990 MEDIAN FAMILY		LOWER INCOME	16750	19100	21500	23900	25400	26900	28400	29900	
INCOME: 29900		VERY LOW INCOME	10450	11950	13450	14950	16150	17350	18550	19750	
COUNTY : MT FERGUS											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME: 24900		VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY : MT FLATHEAD											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15850	18100	20400	22650	24050	25500	26900	28300	
INCOME: 28300		VERY LOW INCOME	9900	11300	12750	14150	15300	16400	17550	18700	
COUNTY : MT GALLATIN											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15400	17600	19800	22000	23400	24750	26150	27500	
INCOME: 27500		VERY LOW INCOME	9950	11350	12800	14200	15350	16450	17600	18750	
COUNTY : MT GARFIELD											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME: 22000		VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY : MT GLACIER											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME: 24500		VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY : MT GOLDEN VALLE											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME: 21000		VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY : MT GRANITE											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME: 22700		VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY : MT HILL											
FY 1990 MEDIAN FAMILY		LOWER INCOME	17450	19900	22400	24900	26450	28000	29600	31150	
INCOME: 31100		VERY LOW INCOME	10900	12450	14000	15550	16800	18050	19300	20550	
COUNTY : MT JEFFERSON											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15400	17600	19800	22000	23400	24750	26150	27500	
INCOME: 27500		VERY LOW INCOME	9650	11000	12350	13750	14850	15950	17050	18150	
COUNTY : MT JUDITH BASIN											
FY 1990 MEDIAN FAMILY		LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME: 24000		VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
									021690	133809	

STATE: MONTANA		-----INCOME-----LIMITS-----									
PREPARED: 1-2-90		PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON	PERSON
COUNTY	: MT LAKE										
FY 1990	MEDIAN FAMILY	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	21900	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY	: MT LEWIS+ CLARK										
FY 1990	MEDIAN FAMILY	LOWER INCOME	16700	19100	21450	23850	25350	26850	28350	29800	
INCOME:	29800	VERY LOW INCOME	10450	11900	13400	14900	16100	17300	18500	19650	
COUNTY	: MT LIBERTY										
FY 1990	MEDIAN FAMILY	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	27100	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY	: MT LINCOLN										
FY 1990	MEDIAN FAMILY	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	26700	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY	: MT MCCONE										
FY 1990	MEDIAN FAMILY	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	23300	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY	: MT MADISON										
FY 1990	MEDIAN FAMILY	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	22100	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY	: MT MEAGHER										
FY 1990	MEDIAN FAMILY	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	22500	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY	: MT MINERAL										
FY 1990	MEDIAN FAMILY	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	26300	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY	: MT MISSOULA										
FY 1990	MEDIAN FAMILY	LOWER INCOME	17000	19450	21850	24300	25800	27350	28900	30400	
INCOME:	30400	VERY LOW INCOME	10650	12150	13700	15200	16400	17650	18850	20050	
COUNTY	: MT MUSSELSHELL										
FY 1990	MEDIAN FAMILY	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	23000	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY	: MT PARK										
FY 1990	MEDIAN FAMILY.	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	26000	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
COUNTY	: MT PETROLEUM										
FY 1990	MEDIAN FAMILY	LOWER INCOME	15300	17500	19650	21850	23200	24600	25950	27300	
INCOME:	20000	VERY LOW INCOME	9550	10900	12300	13650	14750	15850	16950	18000	
										021690	133809

STATE: MONTANA PREPARED: 1-2-90		-----I N C O M E L I M I T S-----									
PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON			
COUNTY : MT PHILLIPS FY 1990 MEDIAN FAMILY INCOME: 21400	15300 9550	17500 10900	19650 12300	21850 13650	23200 14750	24600 15850	25950 16950	27300 18000			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT PONDERA FY 1990 MEDIAN FAMILY INCOME: 30400	17000 10650	19450 12150	21850 13700	24300 15200	25800 16400	27350 17650	28900 18850	30400 20050			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT POWDER RIVER FY 1990 MEDIAN FAMILY INCOME: 28800	16150 10100	18450 11500	20750 12950	23050 14400	24500 15550	25950 16700	27400 17850	28800 19000			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT POWELL FY 1990 MEDIAN FAMILY INCOME: 24800	15300 9550	17500 10900	19650 12300	21850 13650	23200 14750	24600 15850	25950 16950	27300 18000			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT PRAIRIE FY 1990 MEDIAN FAMILY INCOME: 17500	15300 9550	17500 10900	19650 12300	21850 13650	23200 14750	24600 15850	25950 16950	27300 18000			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT RAVALLI FY 1990 MEDIAN FAMILY INCOME: 23700	15300 9550	17500 10900	19650 12300	21850 13650	23200 14750	24600 15850	25950 16950	27300 18000			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT RICHLAND FY 1990 MEDIAN FAMILY INCOME: 32400	18150 11350	20700 12950	23300 14600	25900 16200	27500 17500	29150 18800	30800 20100	32400 21400			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT ROOSEVELT FY 1990 MEDIAN FAMILY INCOME: 25900	15300 9550	17500 10900	19650 12300	21850 13650	23200 14750	24600 15850	25950 16950	27300 18000			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT ROSEBUD FY 1990 MEDIAN FAMILY INCOME: 32300	18100 11300	20700 12900	23250 14550	25850 16150	27450 17450	29100 18750	30700 20050	32300 21300			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT SANDERS FY 1990 MEDIAN FAMILY INCOME: 22200	15300 9550	17500 10900	19650 12300	21850 13650	23200 14750	24600 15850	25950 16950	27300 18000			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT SHERIDAN FY 1990 MEDIAN FAMILY INCOME: 26900	15300 9550	17500 10900	19650 12300	21850 13650	23200 14750	24600 15850	25950 16950	27300 18000			
LOWER INCOME VERY LOW INCOME											
COUNTY : MT SILVER BOW FY 1990 MEDIAN FAMILY INCOME: 28200	15800 9850	18050 11300	20300 12700	22550 14100	23950 15250	25350 16350	26800 17500	28200 18600			
LOWER INCOME VERY LOW INCOME											
								021690	133809		

STATE, MONTANA PREPARED: 1-2-90		-----INCOME LIMITS-----									
PROGRAM		1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON	PERSON	
COUNTY : MT STILLWATER											
FY 1990 MEDIAN FAMILY		15300	17500	19650	21850	23200	24600	25950	27300		
INCOME: 25000		9550	10900	12300	13650	14750	15850	16950	18000		
COUNTY : MT SWEET GRASS											
FY 1990 MEDIAN FAMILY		15300	17500	19650	21850	23200	24600	25950	27300		
INCOME: 22800		9550	10900	12300	13650	14750	15850	16950	18000		
COUNTY : MT TETON											
FY 1990 MEDIAN FAMILY		15300	17500	19650	21850	23200	24600	25950	27300		
INCOME: 25300		9550	10900	12300	13650	14750	15850	16950	18000		
COUNTY : MT TOOLE											
FY 1990 MEDIAN FAMILY		15300	17500	19650	21850	23200	24600	25950	27300		
INCOME: 27000		9550	10900	12300	13650	14750	15850	16950	18000		
COUNTY : MT TREASURE											
FY 1990 MEDIAN FAMILY		15300	17500	19650	21850	23200	24600	25950	27300		
INCOME: 23000		9550	10900	12300	13650	14750	15850	16950	18000		
COUNTY : MT VALLEY											
FY 1990 MEDIAN FAMILY		15300	17500	19650	21850	23200	24600	25950	27300		
INCOME: 26900		9550	10900	12300	13650	14750	15850	16950	18000		
COUNTY : MT WHEATLAND											
FY 1990 MEDIAN FAMILY		15300	17500	19650	21850	23200	24600	25950	27300		
INCOME: 24500		9550	10900	12300	13650	14750	15850	16950	18000		
COUNTY : MT WIBAUX											
FY 1990 MEDIAN FAMILY		15300	17500	19650	21850	23200	24600	25950	27300		
INCOME: 22500		9550	10900	12300	13650	14750	15850	16950	18000		
COUNTY : MT YL-ST-NT-PK											
FY 1990 MEDIAN FAMILY		15300	17500	19650	21850	23200	24600	25950	27300		
INCOME: 23800		9550	10900	12300	13650	14750	15850	16950	18000		
									021690	133809	

EXHIBIT C

PERCENT OF LOW AND MODERATE INCOME (LMI) PERSONS FOR MONTANA LOCAL GOVERNMENTS

(Calculated by the Montana Department of Commerce with the assistance of the Census and Economic Information Center, based on the 1980 Census, May, 1988 according to a formula approved by the U.S. Department of Housing and Urban Development)

<u>Local Government</u>	<u>% of LMI Persons</u>
Beaverhead County	.51
Dillon	.47
Lima	.45
Big Horn	.49
Lodge Grass	.67
Hardin	.48
Blaine	.53
Chinook	.51
Harlem	.43
Broadwater	.51
Townsend	.52
Carbon	.51
Bridger	.55
Fromberg	.60
Joliet	.55
Bearcreek	.74
Red Lodge	.53
Carter	.57
Ekalaka	.55
*Cascade	.42
Belt	.48
Cascade	.51
Neihart	.43
Chouteau	.45
Big Sandy	.57
Fort Benton	.40
Geraldine	.56
Custer	.44
Miles City	.44
Ismay	.72

Daniels	.48
Flaxville	.52
Scobey	.45
Dawson	.36
Richey	.50
Glendive	.37
Deer Lodge	.38
Anaconda-Deer Lodge (Urban)	.41
Anaconda-Deer Lodge (Rural)	.22
Fallon	.41
Baker	.31
Plevna	.48
Fergus	.51
Denton	.55
Grass Range	.64
Lewistown	.46
Moore	.70
Winifred	.68
Flathead	.41
Columbia Falls	.35
Kalispell	.40
Whitefish	.44
Gallatin	.49
Belgrade	.39
Bozeman	.60
Manhattan	.42
Three Forks	.50
West Yellowstone	.49
Garfield	.58
Jordan	.59
Glacier	.51
Browning	.61
Cut Bank	.37
Golden Valley	.59
Lavina	.58
Ryegate	.56
Granite	.50
Drummond	.41
Philipsburg	.60
Hill	.40
Hingham	.54
Havre	.38

Jefferson	.36
Boulder	.47
Whitehall	.52
Judith Basin	.53
Hobson	.56
Stanford	.52
Lake	.55
Polson	.63
Ronan	.62
St. Ignatius	.64
Lewis and Clark	.36
East Helena	.40
Helena	.37
Liberty	.44
Chester	.44
Lincoln	.41
Eureka	.45
Rexford	.48
Libby	.36
Troy	.58
McCone	.55
Circle	.40
Madison	.52
Ennis	.44
Sheridan	.53
Twin Bridges	.64
Virginia City	.66
Meagher	.53
White Sulphur Springs	.47
Mineral	.41
Alberton	.42
Superior	.39
Missoula	.41
Missoula	.49
Musselshell	.55
Melstone	.45
Roundup	.51
Park	.43
Clyde Park	.49
Livingston	.42

Petroleum	.76
Winnett	.72
Phillips	.57
Dodson	.32
Malta	.52
Saco	.58
Pondera	.38
Conrad	.31
Valier	.49
Powder River	.44
Broadus	.38
Powell	.40
Deer Lodge	.40
Prairie	.68
Terry	.61
Ravalli	.51
Darby	.56
Hamilton	.57
Pinesdale	Data Not Available
Stevensville	.54
Richland	.35
Fairview	.42
Sidney	.31
Roosevelt	.45
Bainville	.29
Culbertson	.37
Froid	.49
Brockton	.46
Poplar	.49
Wolf Point	.39
Rosebud	.40
Forsyth	.38
Sanders	.54
Hot Springs	.75
Plains	.51
Thompson Falls	.49
Sheridan	.42
Medicine Lake	.43
Outlook	.48
Plentywood	.40
Westby	.60

Silver Bow	.41
Butte-Silver Bow (Urban)	.41
Butte-Silver bow (Rural)	.32
Walkerville	.62
Stillwater	.51
Columbus	.45
Sweet Grass	.56
Big Timber	.56
Teton	.48
Choteau	.49
Dutton	.51
Fairfield	.51
Toole	.44
Shelby	.43
Kevin	.53
Sunburst	.40
Treasure	.55
Hysham	.43
Valley	.44
Glasgow	.39
Nashua	.45
Opheim	.31
Wheatland	.52
Harlowton	.53
Judith Gap	.64
Wibaux	.56
Wibaux	.51
*Yellowstone	.41
Laurel	.42
Broadview	.75

* As metropolitan counties, Cascade and Yellowstone must continue to use the former definition of "low and moderate income" which is based on 80 percent of the median income for the county, rather than the State.

EXHIBIT D

INCOME CERTIFICATION FORMAT FOR DIRECT BENEFIT SITUATIONS

The following format can be used by communities to prepare forms to document the eligibility of households that will receive "direct benefits" through a local CDBG project. Exhibit B contains income figures for the upper limits of "moderate" (lower) income, according to household size, for each county in the State. The figures for "moderate" income for the county in which the project will be located should be placed under the appropriate spaces on the form for each household size.

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#### MODEL FORMAT

The following information is necessary for you to be eligible for assistance under our community's Community Development Block Grant (CDBG) project. The CDBG Program is a federal program intended to assist "low and moderate income families." Your response will be kept confidential and will not be available to the general public.

Included in the federal definition of "annual income" are **all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor.** Income includes:

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
2. The net income from operation of a business or profession or from rental or real or personal property (this includes gross receipts, minus operating expenses, received from the operation of an unincorporated farm or ranch);
3. Interest and dividends;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Public assistance;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse.

**CDBG Income Limits By Size of Household**

1 Person   2 Person   3 Person   4 Person   5 Person   6 Person   7 Person   8 Person

(Note to Person Preparing Form: Insert the appropriate "moderate" (lower) income limits for each size of household from Exhibit B here.)

I certify that, after reviewing the definition of "annual income" above, the total gross income of all members of my household for 19\_\_ does not exceed the amount listed above for the size of my household. I further certify that the above statement is true, accurate, and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date

NOTE: Section 1001 of Title 18 of the United States Code and Criminal Procedure provides that whoever knowingly and willfully makes any false, fictitious, or fraudulent statement or entry in regard to the certification above will be subject to the penalties of federal law.



## EXHIBIT E

### MODEL HOUSEHOLD INCOME SURVEY FORMAT FOR AREAWIDE CDBG PROJECTS

#### WHICH WILL INVOLVE FINANCING OF PUBLIC FACILITIES THROUGH SPECIAL ASSESSMENTS

##### Important Note:

Applicants considering public facilities projects should review "FEDERAL REQUIREMENTS REGARDING ASSESSMENTS AND HOOKUP CHARGES" in the Public Facilities chapter of the Montana CDBG Application Guidelines to determine if their project will be affected by a federal requirement relating to project financing. This model income survey format should be used for local surveys only if the project is utilizing a financing mechanism that will require distinguishing between "moderate" income households and "low" income households.

Applicants for public facilities projects not affected by this requirement should use Exhibit F as the basis for their income surveys.

##### **Note to Person Preparing Form:**

The income levels shown in Tables A and B are hypothetical examples only. Exhibit B contains actual income figures for each county in the State for the upper limits of "moderate" and "low" income, according to household size. Applicants should prepare their local income survey form by incorporating the figures for "moderate" (lower) income for the county in which the project will be located in the spaces under Table A. The figures for "low" (very low) income for that county must be listed in Table B. These actual income figures must be substituted for the hypothetical levels used in the example below.

-----

##### MODEL FORMAT

The information requested below is vital to \_\_\_\_\_'s application to the Montana Department of Commerce for a Community Development Block Grant (CDBG). The CDBG Program is a federal program intended to assist "low and moderate income families." Your individual response will be kept confidential and will not be available to the general public; the individual statistics will be compiled and used in summary form for the grant application.

Included in the federal definition of "annual income" are all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor. Income includes:

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
2. The net income from operation of a business or profession or from rental or real or personal property (this includes gross receipts minus operating expenses received from the operation of an unincorporated farm or ranch);
3. Interest and dividends;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Public assistance;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse.

Table A lists gross household incomes for various family sizes. Was the total gross unadjusted income for 19\_\_ for all members of your household above or below the income listed under your household size?

Table A

| 1       | 2      | 3      | 4      | 5             | 6      | 7      | 8      | (Example figures) |
|---------|--------|--------|--------|---------------|--------|--------|--------|-------------------|
| 13,250  | 15,100 | 17,000 | 18,900 | 20,100        | 21,250 | 22,450 | 23,650 |                   |
| Above A |        |        |        | _____         |        |        |        |                   |
| Below A |        |        |        | _____ X _____ |        |        |        |                   |

-----  
 If your income was below the income for your household size in Table A, was your income for 198\_\_ above or below the income listed for your household size in Table B?

Table B

| 1       | 2     | 3      | 4      | 5             | 6      | 7      | 8      | (Example figures) |
|---------|-------|--------|--------|---------------|--------|--------|--------|-------------------|
| 8,250   | 9,450 | 10,600 | 11,800 | 12,750        | 13,700 | 14,650 | 15,600 |                   |
| Above B |       |        |        | _____ X _____ |        |        |        |                   |
| Below B |       |        |        | _____         |        |        |        |                   |

EXAMPLE: If there are four persons currently residing in your household and the total gross income of those four

persons was \$17,500, you would check the spaces under  
Tables A and B as shown above.

I certify that, after reviewing the definition of "annual income" above, the total gross income of all members of my household does not exceed the amount listed above for the size of my household. I further certify that the above statement is true, accurate, and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date

NOTE: Section 1001 of Title 18 of the United States Code and Criminal Procedure provides that whoever knowingly and willfully makes any false, fictitious, or fraudulent statement or entry in regard to the certification above will be subject to the penalties of federal law.



## EXHIBIT F

### MODEL HOUSEHOLD INCOME SURVEY FORMAT FOR AREAWIDE PROJECTS WHICH

#### DO NOT NEED TO DISTINGUISH BETWEEN "MODERATE" AND "LOW" INCOME HOUSEHOLDS

The following model survey format can be used by most communities to gather income information to meet the requirements of the Community Development Block Grant (CDBG) Program. For most areawide CDBG projects, a survey questionnaire can be short: a community must simply determine whether the household's income is either above or below the appropriate "moderate" household income limit for the county in which the project is located. These figures, according to household size, can be found in Exhibit B in the columns listed for "moderate" (lower) income for the appropriate county.

#### Important Note to Person Preparing Form:

Applicants considering public facilities projects should review Exhibit H, "CDBG REQUIREMENTS REGARDING SPECIAL ASSESSMENTS," to determine if their project will be affected by a federal requirement relating to project financing.

This Exhibit F income survey form should be used for CDBG projects that will **not** be utilizing a financing mechanism that will require distinguishing between "moderate" income households and "low" income households.

An example is shown on the following page for a three person household. Actual "moderate" income levels from Exhibit B for the appropriate county must be substituted for the hypothetical figures used in the example.

~~~~~

MODEL FORMAT

The information requested below is vital to _____'s application to the Montana Department of Commerce for a Community Development Block Grant (CDBG). The CDBG Program is a federal program intended to assist "low and moderate income families." Your individual response will be kept confidential and will not be available to the general public; the individual statistics will be compiled and used in summary form for the grant application.

Included in the definition of "annual income" are all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor. Income includes:

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;

2. The net income from operation of a business or profession or from rental or real or personal property (this includes gross receipts minus operating expenses received from the operation of an unincorporated farm or ranch);
3. Interest and dividends;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Public assistance;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse.

The following table lists gross household incomes for various family sizes.

Was the total gross unadjusted income for 19__ for all members of your household ABOVE or BELOW the income listed under your household size?

1	2	3	4	5	6	7	8	(Example
13,250	15,100	17,000	18,900	20,100	21,250	22,450	23,650	figures)
Above _____								
Below _____ x _____								

(Note to person preparing form: Insert the appropriated income limits listed under the "moderate" (lower) income column for each size of household as shown in Exhibit B.)

EXAMPLE: If there are three persons currently residing in your household and the total gross income of those three persons was \$16,000, you would check BELOW on the table.

I certify that the above is true, accurate, and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

Applicant's Signature

Address

Date

(Note to Person Preparing Form: For proper documentation, the individual should either be asked to sign the form, or local officials can code the form by number so that the information is capable of being verified at a later date.)

EXHIBIT G

TARGETING CDBG LMI BENEFITS FOR PUBLIC FACILITY PROJECTS

A basic requirement of the Community Development Block Grant (CDBG) Program is that each applicant for a CDBG public facility project must demonstrate that at least 51 percent of the persons who would benefit from the project have "low or moderate incomes" (LMI). In addition to providing benefit to LMI on the basis of an overall project area being at least 51% LMI, applicants for CDBG public facility projects can design their project so as to more directly benefit or "target" assistance for LMI persons residing within the project area. This can be done by one of two means:

1. The first would be to target a geographic sub-area within the project area for additional assistance;
2. The second approach would be to target individuals directly, based upon income qualifications.

An example of targeting would be a water project serving a particular geographic area where the minimum LMI benefit has already been established on an areawide basis (at least 51% of the project area households have incomes considered "low or moderate"). However, in addition, extra benefits are provided directly to "targeted" LMI households, such as paying special assessments or water hookup/service line costs.

Such a targeting approach involves applying HUD CDBG income limits for LMI households for the specific county, as well as creating administrative procedures for making potential LMI households aware of extra, "targeted" benefits and evaluating applications for assistance. In addition, assistance contracts must be executed with benefited households and work completed and inspected.

Targeting and Calculating LMI Benefit for Project Activities

An example of targeting is shown at the end of this exhibit, taken from the 1987 CDBG application for the City of Harlem. This application includes examples of both geographic sub-area and direct benefit targeting approaches. Line 1 illustrates treatment plant improvements with a LMI areawide benefit of 54% for the entire community of Harlem, based upon a community income survey. Line 2 includes water system improvements targeted for the northside of the community, with 85% of the households identified as LMI according to an income survey, illustrating a geographic sub-area targeting approach.

Line 3 indicates project engineering for the overall project, calculated on an areawide benefit basis. Therefore, the 54% overall community LMI percentage is applied. In line 4, \$30,000 is budgeted for direct LMI assistance as a targeted effort to assist 60 households who, after meeting eligibility requirements, will receive funds directly for replacement of lead water service lines at an estimated cost of \$500 per household. The net result is that the city receives an overall percent benefit to low and moderate income households of 69%, based upon \$239,336 of CDBG funds benefiting LMI households (column F), divided by total project activity funds

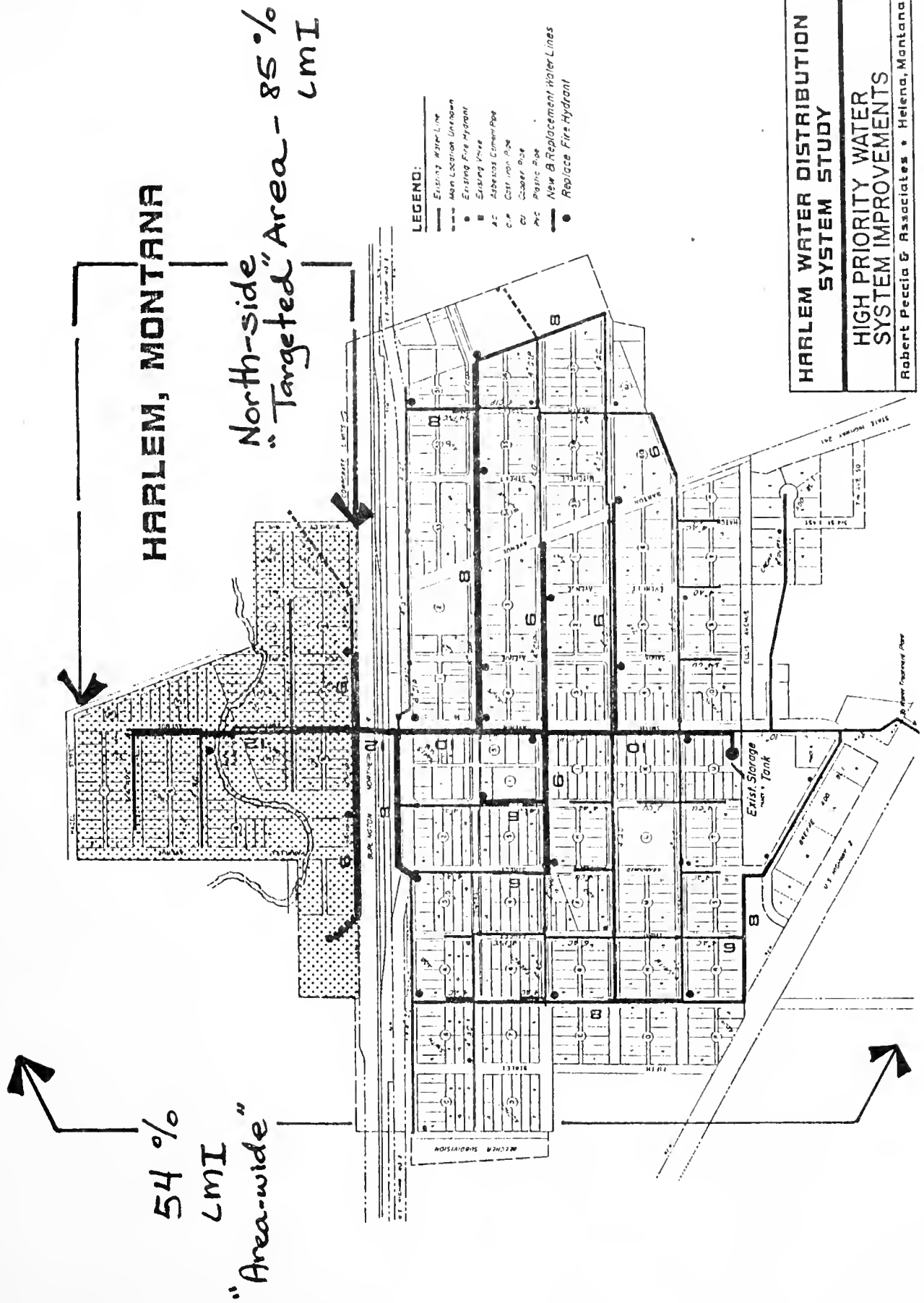
FROM CITY OF HARLEM, MONTANA 1987 CDBG APPLICATION

CALCULATION OF CDBG FUNDS TO BENEFIT LOW AND MODERATE INCOME (LMI) HOUSEHOLDS
AND CITATION OF NATIONAL OBJECTIVES

A	B	C	D	E	F	G
ACTIVITY DESCRIPTION (Do not include administrative activities)	# OF HOUSEHOLDS ACTIVITY WILL SERVE	# OF LMI HOUSEHOLDS ACTIVITY WILL SERVE	% OF LMI HOUSEHOLDS ACTIVITY WILL SERVE	AMOUNT OF CDBG FUNDS FOR ACTIVITY	AMOUNT OF CDBG FUNDS TO BENEFIT LMI	NATIONAL OBJECTIVE SERVED
1. TREATMENT PLANT IMPROVEMENTS	376	203	54%	165,790	89,527	LMI
2. N/S WATER SYSTEM IMPROVEMENTS	20	17	85%	124,999	106,249	LMI
3. ENGINEERING	376	203	54%	25,111	13,560	LMI
4. DIRECT LMI ASSISTANCE	60	60	100%	30,000	30,000	LMI
5.						
6.						
7.						
8.						
9.						
10.						

TOTAL
\$345,900
TOTAL
\$239,336

Overall percent benefit to low and moderate income households " Column F " 69 " Column E



of \$345,900 (column E).

Under the Overall Benefit to Low and Moderate Income ranking criterion, the city would receive 57 points, based upon 3 points for each documented percentage of benefit to LMI persons above 50% (69% minus 50% equals 19, times 3 equals 57 points). Without targeting, the community would have received only 12 points under a strictly areawide approach (54% minus 50% equals 4, times 3 equals 12 points).

By "targeting" CDBG assistance through public facility projects, applicants can claim increased percentage benefit in the calculation of LMI benefit for project activities which can then be indicated on the "calculation of CDBG Funds to Benefit Low and Moderate Income (LMI) Households and Citation of National Objectives" form to be included in the CDBG application, thereby increasing the number of points for this specific criterion in the competitive CDBG ranking process.

At first glance, the concept of "targeting" CDBG funds may seem like an exercise. However, in reality, it can be an effective means of responding to Congress' intent that the CDBG Program "give maximum feasible priority to activities which will benefit low and moderate income families...." The percentage of benefit to LMI figures calculated for each CDBG project and the aggregate figures that the Department of Commerce reports to HUD annually are the only way to assure Congress that local CDBG projects and state CDBG programs are benefiting the low and moderate income persons that Congress intended the program to serve. Congress and HUD use these percentages to compare the effectiveness of the states in fulfilling its mandate that the CDBG program principally serve the needs of low and moderate income families.

Targeting can also make a project more locally popular in that direct financial payment is made to cover special needed activities that would otherwise be borne by low and moderate income households or else be excluded from the project.

Targeting Steps

The following six steps generally apply to all targeting efforts for public facility projects. There is no one single approach or procedure. Applicants should design their own targeting or "direct benefit" program according to specific local needs and goals. Should any questions arise, local officials should contact a member of the Department of Commerce CDBG staff.

1. Prepare an overall targeting plan. A targeting plan sets forth the basic steps describing how an applicant intends to proceed with a targeting effort. The targeting plan typically would address the following elements:
 - a. development of eligibility criteria, policies, and procedures for applications, including verification of household incomes;
 - b. administration of beneficiary contracts;
 - c. proposed procedures for inspection of work;
 - d. payment of assistance to benefited households;
 - e. policies for LMI rental households, if applicable.
2. Determine LMI income guidelines for the purposes of establishing

eligibility thresholds or limits.

3. Conduct a LMI survey or advertise and establish an application process for potential beneficiaries.
4. Estimate the number of LMI households to be assisted and determine estimated costs on a per household basis.
5. Determine total budgetary needs to implement the targeting effort.
6. Proceed with implementation of the targeting effort, after obtaining Department of Commerce approval.

Administrative Considerations

Implementation of a targeting plan will require additional administrative effort on the part of the applicant. In designing a targeting plan, applicants should ask whether the administrative time and effort necessary to carry out the targeting plan is consistent with the applicant's capacity and worthwhile relative to the level of benefits that would be obtained from the project. The anticipated benefits of targeting must be balanced against the additional administrative requirements necessary to carry out a targeting program.

Communities considering targeted approaches for CDBG public facility projects should contact the Department for further information. Model approaches from other local governments are available.

EXHIBIT H

CDBG REQUIREMENTS REGARDING SPECIAL ASSESSMENTS

The federal Housing and Community Development Act imposes special requirements on CDBG projects which will be financed, in part, by special assessments on property.

According to HUD regulations, "special assessments" include:

- a fee or charge levied or filed as a lien against a parcel of real estate as a direct result of benefit derived from the installation of a public improvement; or
- a one-time charge made as a condition of access to the public improvement.

This requirement would cover assessments on property through a special improvement district or hook up charges for a water or sewer system. **It does not apply to public facilities that will be financed through the issuance of revenue bonds.**

Where CDBG funds are used to pay all or part of the cost of a public improvement, special assessments can be used to recover the non-CDBG portion of a public facilities project, provided that CDBG funds are used to pay the special assessment on behalf of all properties owned and occupied by LMI persons. However, CDBG funds do not need to be used to pay the special assessments on behalf of properties owned and occupied by moderate income persons if the grant recipient certifies that it does not have sufficient CDBG funds to pay the assessment on behalf of all the LMI owner-occupants. No special assessments can be made to recover CDBG funds.

The following examples are provided of how the requirement would affect a public facility project:

- if a community intends to finance its public facility project through the creation of a special improvement district and is requesting CDBG funds to assist it, the community would be required to use any CDBG funds awarded to it to pay the entire assessment for each low and moderate income household within the project area;
- if the community determines that the CDBG grant ceiling is not high enough to allow it to pay the assessments for all low and moderate income persons, it would certify that fact to the Department of Commerce, and in this event either:
 - request sufficient CDBG funds to pay all the special assessments for low income households only, or
 - request the entire grant amount available, use a portion of the funds to pay for all low income households, and distribute the balance of CDBG funds remaining among moderate income households by prorating the amount of CDBG assistance in proportion to the level of each household's income.

Questions and Answers on Special Assessments

1. Is the payment of special assessments an eligible CDBG activity?

Answer: Not directly. Payments of special assessments are only eligible because they are one way of financing a public improvement. Therefore, the public improvement itself must be an eligible activity.

2. Does the CDBG requirement pertaining to special assessments also apply to assessments levied against commercial or industrial properties?

No. The requirement applies only to special assessments against properties owned and occupied by LMI persons. This refers only to residential properties.

3. Does CDBG assistance in paying special assessments convert a public facilities project into one funded in part with CDBG funds, thus triggering all applicable federal requirements, such as Davis-Bacon wage rates?

Yes.

4. Are there any exceptions to the requirement that CDBG funds be used to pay assessments for LMI persons?

Yes. Grant recipients are not required to pay assessments for LMI persons who own, but do not occupy, the assessed property. Also, grant recipients are not required to pay assessments for moderate income owner/occupants if the grant recipient certifies that it lacks sufficient CDBG funds to pay the special assessments for all LMI persons.

EXHIBIT I

MODEL HOUSEHOLD CHARACTERISTICS SURVEY FORMAT

Note: If the boundaries of a proposed CDBG project do not coincide with U.S. Census enumeration district boundaries, applicants may want to include these additional questions in their income survey form, as well. While not required for a CDBG application, this information will be important if an applicant is awarded a Community Development Block Grant in order to document compliance with federal requirements which prohibit discrimination on the basis of age, sex, race, color, national origin, or handicap status. The information may also be useful for communities applying for housing and neighborhood revitalization grants, since the information may be useful in identifying households with special needs for assistance.

MODEL FORMAT

1. What is the total number of persons in your household, including yourself?

Check here _____ if the head of your household is female.

Check here _____ if the head of your household is age 62 or over.

2. Does any member of your household fall within one of the following minority groups:

_____ Black
_____ American Indian or Alaskan Native
_____ Asian or Pacific Islander
_____ Hispanic

- 3.a. Are any members of your household physically or mentally disabled or handicapped?

_____ Yes

_____ No

- b. If a member of your household is handicapped or disabled, does your dwelling need any special modifications to improve access or living conditions for the handicapped person(s)?

_____ Yes

_____ No

4. Do you own or rent your residence?

_____ Own

_____ Rent

EXHIBIT J

GUIDELINES FOR CONDUCTING LOCAL INCOME SURVEYS

Many communities have found that a thorough local income survey will reflect a percentage of LMI persons from five to ten percent higher than HUD estimates show. A major reason for this is that the HUD figures are calculated from 1980 Census data which is based on 1979 income information. Several communities have experienced changes in their local economy due to plant, mill or mine closures or the downturn in the state's economy which only a current survey would reflect. This exhibit includes a discussion of the requirements that must be complied with when local governments choose to conduct their own income surveys. It also includes a suggestions to help applicants carry out more effective surveys.

Federal regulations provide that applicants proposing to use CDBG funds for areawide or indirect benefit activities must provide data to demonstrate that at least 51% of the persons who would benefit from CDBG assistance have low or moderate incomes. In the CDBG program, the general concept that is applied in documenting a household's income is that the greater the dollar benefit that will be provided to the household, the greater the responsibility to document the accuracy of the household's income claim. For example, in housing rehabilitation projects, where a family may be receiving a \$15,000 grant or low interest loan, a frequently used approach is to ask applicants for CDBG assistance to submit documentation to confirm gross annual household income, such as copies of Internal Revenue Service income tax forms. While these requirements may seem to be an intrusion into individual privacy, they are the only way to assure that CDBG assistance is being provided to the persons that Congress intended. In contrast, for areawide public facilities projects, where all the households in the CDBG project area will benefit equally, it is usually sufficient to have the household complete an income survey form such as that shown in Exhibit F which states that the person responding to the survey will provide evidence of income, if requested.

A. Sample Size

The burden of proof that HUD data inaccurately reflects current conditions will be upon any community conducting a local survey. In order to document that local surveys have been conducted with a sound methodology, the Department of Commerce uses a formula which sets a minimum sample size for the survey, according to the population of the project area.

A "sample" is the portion of the total population that is surveyed. If a community has, for example, 1,000 households, it would be time consuming and expensive to interview every single one. It would be more efficient to survey only a portion of the households and use that portion to represent a cross section of the entire community. This portion is the "sample." To be reasonably certain that the sample is a statistically valid representation of the entire population, it must include a minimum amount of households, which varies according to the size of the total population. To continue the example above, if the community surveyed only 50 out of the 1,000 households, there would be a good chance that many of those 50 are not representative of the entire community. This would be especially true if all 50 were selected from

a specific neighborhood, instead of randomly.

There are many complex formulas for determining how large a sample you must have in order to be reasonably confident that the sample accurately reflects your population. The formula used by the Department of Commerce is relatively simple and has been acceptable to HUD, Region VIII, since 1979.

$$\text{Sample size} = \frac{.25}{.000625 + \frac{.25}{\text{population size}}}$$

For the purposes of most local surveys, the population size is the number of households in your community, not the number of individuals, since doing a local survey on the basis of households, rather than individual persons, will be easier to accomplish. For example, if your community has 1,000 households, as in the example above, your sample size would be calculated as follows:

$$\frac{.25}{.000625 + \frac{.25}{1000}} = \frac{.25}{.000625 + .000250} = \frac{.25}{.000875} = 286$$

Exhibit K lists various populations and the sample sizes needed in order to validate a survey. It should be noted that sample size is the number of actual responses received in a survey, not just the number of households contacted. There will always be some households that do not choose to respond, and that being the case, the community should be prepared to make additional efforts, such as a follow-up mailing or more door-to-door interviews, until it has an adequate number of responses.

Communities conducting income surveys for a CDBG application must sample at least the minimum number of households established by the formula for their population.

B. Random Selection of Households to be Surveyed

In addition to having a large enough sample, the households to be surveyed must be chosen at random so that the results will not be biased. For mailed or telephone surveys, many communities have used voter registration rolls, telephone books, or motor vehicle registration records to provide a comprehensive list to begin with. None of these lists is perfect, but all are generally available and usable. Determine the interval you will sample by dividing your sample size to your population size. If, for instance, you have 400 households and plan to sample 200 of them, you should take every other name or for a door-to-door survey, visit every other house. (You may want to roll a dice to decide at which name or house you will start, rather than simply starting with the first one.)

For door-to-door surveys, each unit in a multifamily structure, such as an apartment, should be counted as a separate address. Call-back visits should be made to sample residences where no one was available for the initial interview. If the call-back visit is also unsuccessful, the next address in sequence should be interviewed. Often if no one is home in the day, they may be in during the evening, so if the original visit was in the daytime, the call-back should be scheduled for evening.

C. Publicity

People are more likely to respond to an income survey if they know there is a good reason for the survey. If the community survey is well publicized, there will be a minimum of lost time in explanations and a more favorable reception by the public. Under no circumstances should an income survey be attempted without wide publicity first. Citizens are understandably hesitant to discuss personal income information unless the purpose and need for the information is clearly understood. A short cover letter with a mailed questionnaire will let people know why the information is important and that you care about the results. Be specific about why you are conducting the survey.

Complete honesty with the public and cooperation with the media can make a difference between success and failure. Publicity can include radio announcements, newspaper articles, flyers in the monthly water bill, and posters in local grocery stores or the post office.

D. Distribution and Collection of the Questionnaire

The following are various ways to conduct the actual income survey:

1. Distribution of the questionnaire by mail, requesting mail return;
2. Distribution in public places or in the newspaper, requesting mail return;
3. Distribution door-to-door to be either returned by mail or picked up by someone; and
4. Direct door-to-door interviews by an individual surveyor.

In deciding how to administer the questionnaire, you should consider several factors: time, cost, available manpower, and desired rate of return. You might send interviewers out to visit each household and ask the questions at that time; you might use service groups (Boy or Girl Scouts, Kiwanis, etc.) to drop off and pick up the questionnaires, allowing respondents to answer them at their leisure; you could conduct the survey by telephone, or by mail. Each survey technique has advantages and disadvantages.

Mailed Questionnaires

Experience has shown that survey forms sent through the mail generally have a low percentage of return. Better results are obtained with volunteers who personally distribute and collect the questionnaire. (One community received a 55% return rate by utilizing local Boy Scouts; another had a 56% return by using a high school social studies class to distribute questionnaires and pick them up a week later.) If you plan to mail or drop off the questionnaire, you should add a cover letter (preferably from the community's chief elected official) explaining why the survey is being conducted and what the results will be used for.

It is also wise to provide a stamped, addressed envelope for return of the questionnaire to help assure the respondent that the information will be confidential. Mail surveys provide better assurance of confidentiality, particularly if you are requesting household income information. While guaranteeing confidentiality, make sure you have a way to follow-up to improve your response rate. One method is to number each return envelope before you

mail the survey and keep a list of matching addresses and numbers. That way you can send out a second mailing to those who did not respond. This will also provide a means for the Department of Commerce to verify your survey by spot checking a sample of the people who submitted forms.

Even if some of the techniques described above are used, mailing surveys, distributing them through public places, or printing them in the newspaper tend to be less reliable and less comprehensive methods of gathering information than door-to-door interviews. Survey forms are usually completed only by those who are most interested, or those who will take the time to read the questions and respond. In addition, if there is some uncertainty about the question's intent or the purpose of the survey (such as household income surveys), an individual may not respond. Written questions, even with careful instructions, may not be understood by some respondents, and they may answer in a manner not consistent with the intent of the question.

Door-to-Door Interviews

The most reliable and accurate method of conducting a survey is going door-to-door by trained interviewers. The survey team or individual asks each question on the survey form. When the survey process is approached this way, the two-way communication allows for clarification of questions, as well as assuring more complete coverage and response from the community. Every household selected for sampling can be surveyed, or at least returned to several times in an attempt to complete the survey. It is a more personal approach and is a way to convey the importance of the income survey to each household.

A disadvantage of the personal interview is that it cannot provide the level of privacy assured by a mailed questionnaire. Some people may be hesitant to disclose income levels or similar personal information. One compromise approach which has been used by some communities is to take a printed questionnaire door to door. The respondent can complete the questionnaire individually, place the questionnaire in a sealed envelope, and either return it to the interviewer immediately or by mail. This approach has the advantage of offering greater privacy while, at the same time, the interviewer is available to explain the reason for and importance of the survey or to clarify any of the questions on the survey. Where questionnaires will be picked up immediately, they should be very brief, such as those asking only for household income information.

The applicant may use a survey conducted previously, if it conforms to current Department guidelines and still accurately reflects local conditions.

A copy of the survey form used, with a composite summary of all responses and a description of the methodology used to assure an adequate sample size and a random selection of households surveyed, must be submitted with the application. If an applicant intends to use an alternative format or methodology, it must seek prior approval from the Department of Commerce before conducting the survey.

All original survey documentation must be retained by the applicant and must be available for review and verification if the application is selected for

funding. If individuals completing the survey will not be asked to sign the survey form, the form should be coded in some way so that the individual's response can be verified at a later date. For this reason, the Department strongly encourages the use of written survey forms rather than telephone surveys. If a telephone survey is conducted, applicants must retain detailed logs of the persons contacted and their responses. The lack of adequate documentation to substantiate compliance with the LMI benefit requirement will be considered sufficient grounds for the Department to withdraw a grant award.

If the boundaries of a proposed CDBG project do not coincide with U.S. Census enumeration district boundaries, applicants may want to include the additional questions contained in Exhibit I, Model Household Characteristics Survey Format, as well. While not required for a CDBG application, this information will be important if an applicant is awarded a Community Development Block Grant in order to document compliance with federal requirements which prohibit discrimination on the basis of age, sex, race, color, national origin, or handicap status. The information may also be useful for communities applying for housing and neighborhood revitalization grants, since the information may be useful in identifying households with special needs for assistance, as well. The decision to include any or all of the questions contained in Exhibit I is the community's option.



EXHIBIT K

SAMPLE SIZE REQUIRED ACCORDING TO NUMBER OF HOUSEHOLDS IN PROJECT AREA

<u>Number of Households In Project Area</u>	<u>Number of Responding Households Required For Minimum Sample</u>	<u>Percentage of Households Sampled</u>
50	44	88%
100	80	80
200	133	66
300	172	57
400	200	50
500	222	44
750	261	34
1,000	286	28
1,250	303	24
1,500	316	21
2,000	333	17
2,500	345	13
3,000	353	11
4,000	364	9

EXHIBIT L

CALCULATION OF CDBG FUNDS USED TO BENEFIT LOW AND MODERATE INCOME

(LMI) HOUSEHOLDS AND CITATION OF NATIONAL OBJECTIVES

The attached form should be used by applicants to document compliance with two important CDBG requirements: (a) benefit to low and moderate income persons and (b) national objectives.

A. Benefit to Low and Moderate Income Persons.

The calculation of benefit to low and moderate income households or persons is a two stage process. First, the percentage of benefit to low and moderate income households or persons must be calculated for each activity. Then these percentages must be applied to the CDBG funds requested for each activity to get the total number of dollars that will benefit low and moderate income households or persons. Each step in the calculation is described below. Applicants should use the following form to describe the total CDBG dollar and percentage benefit that will result from their proposed projects. Either households or persons may be used as the basis for calculation as long as the method selected is consistent with the method used to verify the household income levels.

1. In column A, describe the activity by name, such as "Housing Rehabilitation." Do not include administrative activities. The activities should be the same as shown on the application budget form under "ACTIVITY."
2. In column B, show the total number of households that the activity will serve.
3. In column C, show the number of low and moderate income households that the activity will serve.
4. In column D, show the percentage of low and moderate income households that the activity will serve. This is derived by dividing the number in column C by the number in column B for that activity.
5. In column E, show the total amount of CDBG funds requested for the activity. This should be the same as shown on the application budget form under "ACTIVITY."
6. In column F, show the amount of those funds that will be used to benefit low and moderate income households. This is derived by multiplying column E by the percentage in column D.
7. At the bottom of column E, show the total amount of non-administrative CDBG funds by adding up the CDBG funds requested for each activity.
8. At the bottom of column F, show the total amount of funds that will be used to benefit low and moderate income households by adding up the

amount of funds to benefit low and moderate income households for each activity.

9. Determine overall benefit by dividing the total of column F by the total of column E to get the total CDBG project benefit to low and moderate income households. Include percentage at bottom of form.

B. National Objectives

The Housing and Community Development Act of 1974 requires all applicants for CDBG funds to declare which of the three national objectives for the CDBG program will be served by each activity proposed. In column G, "NATIONAL OBJECTIVE SERVED" on the attached form, please enter, for each proposed activity: "LMI" if the activity will principally benefit persons of low and moderate incomes; S/B if the activity will principally eliminate slums or blight; or H/W if the activity meets a community need which poses a serious and immediate threat to health or welfare.

For most CDBG projects, "benefit to low and moderate income persons" (LMI) will be the most appropriate national objective to cite on the form.

CALCULATION OF CDBG FUNDS TO BENEFIT LOW AND MODERATE INCOME (LMI) HOUSEHOLDS
AND CITATION OF NATIONAL OBJECTIVES

A	B	C	D	E	F	G
ACTIVITY DESCRIPTION (Do not include administrative activities)	# OF HOUSEHOLDS ACTIVITY WILL SERVE	# OF LMI HOUSEHOLDS ACTIVITY WILL SERVE	% OF LMI HOUSEHOLDS ACTIVITY WILL SERVE	AMOUNT OF CDBG FUNDS FOR ACTIVITY	AMOUNT OF CDBG FUNDS TO BENEFIT LMI	NATIONAL OBJECTIVE SERVED
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

TOTAL \$ TOTAL \$

Overall percent benefit to low and moderate income households = $\frac{\text{Column F}}{\text{Column E}}$ = _____ %

